



MUSLIM AID END TO END ZAKAH GUIDE

Contents

1. Introduction	3
2. Guide framework	3
3. Categories of Zakah	4
4. Zakah calculation	7
5. Eligibility of receiving Zakah	8
6. Zakah distribution	9
7. Zakah distribution exception	10
8. Distribution amount	11
9. External Shari'ah compliance	11
10. Administration deduction	12
11. Field delivery	12
12. Reporting	13
13. Monitoring and evaluation	13
14. Breach of guide	13
15. Guide review	13
Appendix A – Zakah eligible/non-eligible costs	14

Usage of ICE endorsement in any form is not permitted without prior consultation with ICE. Consultations can be booked at ICEurope.org

1. Introduction

- 1.1 The Muslim Aid (MA) Zakah guide defines the terms and sets out the principles, practices and procedures that the charity will follow in the collection, allocation and distribution of Zakah funds.
- 1.2 Muslim Aid is an international development organisation operating in 70 countries around the world. As part of its constitution, it takes the responsibility to collect Zakah and distribute it to eligible beneficiaries around the world. In this case, Muslim Aid is considered an agent (or Wakīl) on behalf of the donors.
- 1.3 From a religious perspective, Zakah is a pillar of Islam¹ and is mentioned in the Qurān along with prayer in 26 places.
- 1.4 Muslims who own wealth equal to or above the Niṣāb (pre-defined threshold) are obliged to pay 2.5%² of their wealth to eligible recipients. Its spiritual objective is to please Allah as his pleasure is the objective of our worship and a means of success in this life and next. Additionally, Zakah purifies the heart and wealth of the payer.
- 1.5 Zakat ultimately serves as a social and economic tool that can reduce economic inequality in society. Legislated as a form of social security, the distribution of Zakah ultimately encourages cooperation and empathy between members of the Muslim community.
- 1.6 From a charitable perspective, Zakah is an integral source of funding to empower individuals to remove financial difficulty, whilst establishing social protection for the needy.
- 1.7 The Zakah policy and its directives have been reviewed and ratified as Shariah compliant by the Shariah Panel of the Islamic Council of Europe on 16/04/2021 11:00.

2. Guide framework

2.1 Due to the diversity amongst Muslim Aid's donor base, the multiple locations it operates projects in and the modern nature of finance and poverty, this guide is designed to be as encompassing and accommodating as possible from a Muslim legal perspective. This guide seeks to adopt scholarly positions that would be readily accepted by most Muslim scholars in the majority of scenarios and circumstances.

The approach to Islamic law lies within the framework of the understanding of the four schools. The common denominator between the schools is preferred as a position where possible³. Where there is a difference between the schools on a particular issue, Muslim Aid

¹ As per the ḥadīth where the Prophet (saws) said 'Islam is built on five pillars: testifying that there is no deity worthy of worship except Allah and that Muhammad is the Messenger of Allah, establishing prayer, paying the Zakah, making the hajj, and fasting in Ramadhan' (Bukhari & Muslim).

² The 2.5% rate is mentioned refers to one's personal or business wealth (e.g. cash, gold/silver, business asset values). Other forms of wealth e.g. agricultural produce, livestock etc have different percentages but not highlighted due to not being as common for the UK donor.

³ Meaning that Ijmā' (consensus of authorities) is the first criteria to be observed.

adopts the safest opinion being mindful of Allah's right and then seeking to help safeguard the Hereafter of His slaves.

As a further step, when necessary, we have recourse to consider what further fulfils the following: the highest aims of the Shariah to please Allah, that which maintains the unity of the ummah the most and that which promotes the greatest benefit within society. It is worth noting that the jurisprudence of Zakah, as with all laws, has to be contextualised. This can be achieved by understanding the causative effects (ilal) of classical rulings and then applying them contextually, in light of the circumstance at hand.

As a result, the positions taken below have been formulated with the following criteria in mind;

- 1) To ensure adherence to the will of the Lawgiver, Allah and his Prophet (peace be upon him) as close as possible, based on classical, orthodox Islamic scholarship. This is the priority and that which everything else is based upon.
- 2) In line with the pragmatic need, situation and challenges of those suffering from poverty and the nuances of delivering charitable interventions in current times.
- 3) Attempting to fulfil the letter and spirit of the law (in this case, the edicts of the Shari'ah).

3. Categories of Zakah

3.1 Zakah-eligible beneficiaries are classified into eight categories as per the Quranic injunction.

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ
وَاللَّهُ عَلِيمٌ حَكِيمٌ

“Zakah expenditures are for the poor, the needy, those employed to collect it, those whose hearts are subject to reconciliation, those in captivity, debtors, those in the cause of Allah and the traveller – an obligation by Allah. Allah is Knowing and Wise.” (9:60)

The below provides a brief definition and analysis for each category:

3.2 The Poor and the Destitute (*al-Fuqarā Wa-l-Masākīn*)⁴

3.2.1 This is someone who fulfils one of the following conditions:

- i) A person who has no property or income
- ii) A person whose wealth and income only partially satisfy their essential needs.

⁴ Scholars differ on the definitions of the Fuqarā (poor) and Masākīn (needy), as well as which of the two are 'needier'. Though this guide does not cover these intricacies, this distinction is not consequential as both would fall under the remit of deserving beneficiaries.

3.2.2 The position Muslim Aid adopts with regards to the length of time determining satisfaction of need is up to one year.⁵ Zakah eligibility criteria is detailed in section 5.

3.3 Zakah workers (*al-Amilīna Alayhā*)⁶

3.3.1 This primarily refers to those collectors or administrators of Zakah. Their roles are broken down into two major functions; i) Collecting Zakah and ii) distributing Zakah.

3.3.2 The collection function refers to identifying Zakah-liable individuals, collecting Zakah and storing Zakah funds.⁷

3.3.3 The distribution function is the identification of Zakah recipients, assessment of their current state and the efficient distribution of Zakah funds to them.⁸

3.4 Those whose hearts are being reconciled (*al-Mu'allafati Qulubuhum*)⁹

3.4.1 This category has a number of variations primarily detailing the ruling of giving Zakah to Muslims or non-Muslims.

3.4.2 The default understanding of this category refers to those Muslims who would become firmer in the religion¹⁰. Zakah can be paid towards this group whom include those who have newly-embraced Islam, or Muslims whose faith have been shaken¹¹.

3.4.3 The position of Muslim Aid regarding Zakah to non-Muslims is one of impermissibility¹² (as it is a religious directive¹³). There is valid scholarly difference of opinion on giving Zakah to other faith groups on one condition; if there is a *clear hope or*

⁵ This is as per the Hanbali and Maliki schools of law:

وقال المالكيُّ: القَبيْرُ مَنْ يَمْلِكُ شَيْئًا لَا يَكْفِيهِ لِقُوتِ عَامِهِ (الموسوعة الفقهية الكويتية - 23 - 313)

⁶ After consideration, charities are considered 'agents' as opposed to 'Zakah administrators' (*al-Amilīna Alayhā*) in the traditional sense. They are however permitted to take costs similar to Zakah administrators in order to implement a project. More details are available in section 9.

⁷ Storing includes cash held safely in banks but also physical storage in cases where Zakah is collected in the form of livestock, fruits etc.

⁸ Efficiency refers to the speed and method of disbursing Zakah funds e.g. preference of immediate bank transfers in comparison to cash-in-hand where possible due to being quicker and less risky.

⁹ The majority of scholars hold this category is still applicable and permit donations of Zakah towards it. The Hanafi School opines this category is inapplicable today.

¹⁰ This is the opinion of the 3 schools of thought – the Māliki's, Shāfi'is and Hanbali's.

¹¹ If diligence shows that they are closer to leaving the religion than embracing the religion, and that Zakah funds will achieve the desired outcome. Also, those who are hungry or needy should be prioritised.

¹² The scholars generally held that non-Muslims should not be given Zakah. This is the official position of the Hanafi School and the remaining three schools, though some scholars from the latter gave an exception for those 'whose hearts would be softened towards accepting Islam'.

¹³ This does not mean we should not assist non-Muslim beneficiaries. Islam promotes poverty alleviation and kindness to all regardless of religion, though the appropriate vehicle is through normal charitable donations (*ṣadaqah*).

evidence that indicates they will be inclined to Islam.¹⁴ However, as Muslim Aid are not involved in proselytizing, this would not be applicable.

3.4.4 In the situation where Zakah has been inadvertently been distributed to non-Muslims mistakenly, this can be retrospectively funded from Sadaqah¹⁵.

3.5 Emancipation of slaves (*Fi al-Riqāb*)

This refers to those who are in bondage or considered slaves. In current times, this can include bonded labour where poor families are forced into slavery due to family debts that have spanned generations.

This type of slavery and others can be given Zakah either under the category of freeing slaves (*Fi al-Riqāb*) or those who are in debt (*al-Ghārimīn*).

3.6 Those in debt (*al-Ghārimīn*)

3.6.1 These are individuals who are in debt and according to the majority of scholars, those in debt due to i) personal reasons and ii) social external reasons¹⁶.

3.6.2 The following conditions must be present for those with debts for personal reasons¹⁷;

- i) They must be Muslim
- ii) They should not be from the descendants of the Prophet (peace be upon him)¹⁸
- iii) They do not have sufficient wealth¹⁹ to repay the debt²⁰
- iv) The debt must have been taken for something permissible in Islam and to fulfil their basic needs

3.7 Those in the path of Allah (*Fi Sabilī 'Ilah*)

3.7.1 This category primarily refers to a Muslim state's military personnel. In the case of Muslim Aid, this is not applicable.

¹⁴ Ibn Qudāma cites an approach stating that this category is split between two: believers and non-believers. Regarding the non-Muslim category, he states one eligible category being 'the one who's Islam is hoped, so he is given to strengthen his resolve to accept Islam and incline towards it.' (*Al-Mughni*, 6/476)

¹⁵ This may take the form of amending financial allocations on the charities financial software, by assigning Sadaqah to the expenditure on non-Muslim beneficiaries and re-filling the spent Zakah fund.

¹⁶ The latter type refers to debts incurred by people involved in communal activities of goodness. The majority of scholars separated this type due to certain flexibilities of paying these debts off.

¹⁷ *Fiqh al-Zakah*, Qaradāwi (1/398) and *al-Mawsu'ah al-Fiqhiyyah* (23/321).

¹⁸ If however one from descendants of the Prophet (peace be upon him) is in need, and the charity does not have sufficient Sadaqah for this group - then Zakah can be passed on as per the view of Abu Yusuf, some Shafi'is, al-Birzīni and Ibn Taymiyyah. Kashmiri was of the view that giving them Zakah is better than letting them beg for non-Zakah charity.

¹⁹ Wealth here does not include the necessities such as shelter, clothing, furniture, transportation etc. If they own assets above this, they would be obliged to sell them to repay the debt before being eligible for Zakah.

²⁰ The Hanafi school classifies this as one who does not own the nisāb above what is needed to pay the debt.

3.7.2 Zakah funds cannot be spent on interventions that do not empower individuals with ownership for the Zakah funds. As thus, Muslim Aid adopts the prudent view²¹ of not using Zakah money to build mosques, establish schools, pay third parties for skills training etc., due to two main reasons: i) there is no ownership by the Zakah beneficiary to dictate the way funds are spent, and ii) the restrictions as set by the 8 categories.

3.7.3 There are however exceptions to 3.7.2 above if a project is considered to be a necessity. This will only be enacted through a formal process with guidance from the designated Shariah Panel. More details in Section 7.

3.8 Travellers (*Ibn al-Sabil*)

3.8.1 This category refers to those who are travelling from one location to another and have no or limited access to a means of expenditure to suffice their needs.

3.8.2 The traveller must be in some form of need and in today's climate, this would also include refugees who are in a state of travel from one location to another. Under this category, it would be permissible to give Zakah to a refugee, even though he may have wealth in his home-town or is unable to access it.²²

4. Zakah calculation

4.1 The basic method of calculating Zakah is to calculate the total zakatable assets of an individual, minus the total liabilities (over the coming lunar year) the individual has. This figure is then compared to the current Nisāb value. If it is over the Nisāb and has been for a lunar year, then Zakah is due (2.5%). If it is below, then no Zakah is due.

4.2 In some cases, one's zakatable wealth may dip below the Nisāb throughout the year. In such cases of uncertainty, it is preferable for one to take the value of one's zakatable

²¹ Restricting the category of 'fi sabīlillah' to its agreed purpose is the position of the majority of scholars across the Four Schools. The expansion of this category to 'all forms of good' or 'supporting the religion of Allah' and hence including the building of infrastructure, schools etc. is a minority view and most likely first highlighted by al-Qaffāl Al-Shāshi claiming it was the view of some jurists. Recent scholars who allowed Zakah to be used unreservedly for public interest include Rashid Rida, Qaradawi and others. The below quote references examples of activities that do not fall under the 8 categories and cites the first reason to be *lack of ownership*.

جِهَاتِ الْخَيْرِ مِنْ غَيْرِ الْأَصْنَافِ الثَّمَانِيَةِ: ذَهَبَ الْفُقَهَاءُ إِلَى أَنَّهُ لَا يَجُوزُ صَرْفُ الزَّكَاةِ فِي جِهَاتِ الْخَيْرِ غَيْرَ مَا تَقَدَّمَ بَيَانُهُ، فَلَا تُنْشَأُ بِهَا طَرِيقٌ، وَلَا يُبْنَى بِهَا مَسْجِدٌ وَلَا قَنْطَرَةٌ، وَلَا تُشَقُّ بِهَا ثُرَعَةٌ، وَلَا يُعْمَلُ بِهَا سِقَايَةٌ، وَلَا يُوسَعُ بِهَا عَلَى الْأَصْنَافِ، وَلَمْ يَصَحَّ فِيهِ نَقْلٌ خِلَافَ عَنِ مُعَيَّنٍ يُعْتَدُّ بِهِ، وَظَاهِرُ كَلَامِ الرُّمَلِيِّ أَنَّهُ إِجْمَاعٌ، وَاحْتِجُوا لِذَلِكَ بِأَمْرَيْنِ:
الأول: أَنَّهُ لَا تَمْلِكُ فِيهَا، لِأَنَّ الْمَسْجِدَ وَنَحْوَهُ لَا يُمْلِكُ، وَهَذَا عِنْدَ مَنْ يَشْتَرِطُ فِي الزَّكَاةِ التَّمْلِيكَ وَالثَّانِي: الْحَصْرُ الَّذِي فِي الْآيَةِ، فَإِنَّ الْمَسَاجِدَ وَنَحْوَهَا لَيْسَتْ مِنَ الْأَصْنَافِ الثَّمَانِيَةِ، وَفِي الْخَبِيثِ الْمُتَقَدِّمِ الَّذِي فِيهِ: إِنَّ اللَّهَ جَعَلَ الزَّكَاةَ ثَمَانِيَةَ أَجْزَاءٍ (1) وَوَلَا يَبْتَدَأُ مِمَّا نَقَلَ عَنْ أَنَسٍ وَابْنِ سَبْرِينَ خِلَافَ ذَلِكَ
٢ / ٦٦٧ فتح القدير ٢ / ٢٠، وابن عابدين ٢ / ٦٢، ونهاية المحتاج ٦ / ١٤٩، والشرح الكبير والدسوقي ١ / ٤٩٧، والمعني (328- 23- الموسوعة الفقهية الكويتية)

وتدرك مما ذكر أن المذاهب الأربعة قد اتفقت على دخول الجهاد في سبيل الله ومشروعية الصرف من الزكاة لأشخاص المجاهدين وعدم جواز صرف الزكاة في جهات الإصلاح العام من بناء السدود والقناطر وإنشاء المساجد والمدارس وإصلاح الطريق وتكفين الموتى ونحو ذلك وإنما (3-5) - عبء ذلك على موارد بيت المال الأخرى وذلك لعدم التملك فيها أو لخروجها عن المصارف الثمانية (مجلة مجمع الفقه الإسلامي

²² There are cases where refugees may actually have assets which exceed the Nisāb. However, due to extenuating circumstances, they may not have the ability to access that wealth. In this case, they will be Zakah eligible as 'ibn al-sabīl, even if they are rich.

assets at the beginning and end of the *ḥawl* (lunar year). If both values were above the *Nisāb* then *Zakah* would be due.²³

4.3 Muslim Aid's *Zakah* calculator²⁴ and online Q&A materials provide additional information on more specific scenarios and specific details of how to account for long-term liabilities, *Zakah* on shares, valuating business assets etc.

4.4 The *Nisāb* threshold that obligates the payment of *Zakah* is either based on 87g gold or 612g silver.

4.5 If one's wealth consists of only gold or silver, then that particular measure would be used.

4.6 In the event of mixed assets (e.g. gold, silver and cash), then Muslim Aids guide uses the value of 612g of silver as the measure to determine the *Nisāb* value²⁵ The actual monetary figure can be calculated by determining the market value of silver and taking the most up to date valuation.

5. Eligibility of receiving *Zakah*

5.1 *Zakah* can only be given to people who fall under one of the categories mentioned in the Quranic injunction.²⁶ In order to be *Zakah* eligible (as per the most frequent categories of the poor and needy) a beneficiary must fill the following criteria;

- Be a Muslim
- Whose essential needs are not satisfied²⁷.
- Must fall under one of the 8 categories.

5.2 Muslim Aid have a responsibility to ensure the target beneficiaries are *Zakah* eligible²⁸. The following scenarios detail to what extent they will investigate *Zakah* eligibility:

5.2.1 If the target population is not clearly *Zakah* eligible (e.g. a mix of Muslim/non-Muslim beneficiaries, common areas of rich and poor individuals etc), then an assessment is automatically triggered.²⁹ This will include an individual/household needs assessment, which will confirm the target beneficiary is a) Muslim, b) possesses less than the *Nisāb*

²³ According to all schools of law except the *Ḥanafis*, if the *zakatable* wealth goes below the *Nisāb*, then that year is cancelled and a new *ḥawl* will start once the *Nisāb* is reached again. Though this is a strong opinion, it is preferred to err on the side of caution and *not* consider fluctuations throughout the year.

²⁴ <https://www.muslimaid.org/zakat-calculator/>

²⁵ Scholars differed on the use of silver or gold as the standard to define the *Nisāb*. Due to the high price of gold today, this means the *Nisāb* would be reached by fewer people.

²⁶ Qur'ān, 9/60.

²⁷ The *Hanafi* School opines the *Nisāb* to be the criteria of whether someone is considered *Zakah* eligible or not. The other three schools of law consider satisfaction of 'essential need'. This is subjective and it is advised the local office/implementing partner exhibits reasoned judgement in this regard based on the location of operation.

²⁸ The most needy, where accessible, should be prioritised ahead of others less needy.

²⁹ The partner should conduct a needs assessment and investigate each individual's eligibility of *Zakah*. Imam al-Nawawi said those who distribute *Zakah* should 'identify the relevant beneficiaries, be aware of the total number, and the extent of their need....in order to fulfil their rights and to confirm the discharge of the wealth collated by them' (*Rawḍatul-ṭālibīn* 2 / 337).

OR whose essential needs are not satisfied, and c) falls under one of the categories of Zakah.

This is to be confirmed by one or more of the following;

- i) Document review – financial statements, government ID (e.g. categorisation of an IDP, refugee etc.)
- ii) Observation – state of one’s abode, number of dependents, etc.
- iii) Evidence of debt
- iv) Evidence of dependents (if applicable)³⁰

5.2.2 If the target population is clearly Zakah eligible (i.e. refugees, IDP’s in a camp, following a natural disaster in a Muslim country etc). In this case, if it is clear or extremely likely that the beneficiaries are Zakah eligible (as per the conditions above), then Zakah may be distributed without thorough assessment.

5.3 Zakah cannot be given to the following categories of people:

- The rich³¹
- Those capable of earning a livelihood, but are not willing to work
- Those who attack or undermine Islam and Muslims
- The children, parents and wives of Zakah payers³²
- Descendants of the Prophet (peace be upon him) unless there is a dire need (refer to footnote under 3.6.2)

6. Zakah distribution

6.1 The default approach for Zakah distribution is to transfer the cash or goods to the recipient (as it was collected), rendering the recipient the owner³³.

6.2 Providing money (naqd) to the beneficiary is the default rule³⁴ due to the ability of the recipient to spend as personal needs dictate. This is also in line with preserving the dignity and reputation of the individual. Methods include mobile payments, cash vouchers, bank transfers, ATM access and cash (with stricter controls).

6.3 Though the priority is money, non-monetary items such as food parcels, agricultural tools or even livelihood projects such as sewing machines³⁵ etc. are permissible exceptions as

³⁰ According to the Shāfi’i and Hanbali schools.

³¹ This is not absolute as jurists permit giving Zakah to specific categories such as Zakah workers, people in debt etc. regardless of their wealth.

³² This is because they are the priority of the Zakāh giver and it is obligatory to support them as per need.

³³ Ownership (*or tamlik*) is a condition according to the scholars from the Shāfi’i and Hanafi Schools (see Radd al-Muhtaar 2/278-279 and al-Muhath-thab 1/551). This is due to their understanding of the *lām* in the quranic ayah to refer to ‘ownership’ and is specific to the first 4 categories: The poor, needy, Zakah administrators and those whose hearts are to be reconciled.

³⁴ Most Muslim Aid donors donate Zakah in the form of money either via online, through bank transfers or cash.

³⁵ With the proviso of owning the sewing machine, chicken farm etc. and managing it themselves or whoever has been delegated and thereby distributing the profits.

per the needs of the individual or local circumstances in the country.³⁶ This would be applicable in the case of the organisation genuinely a) finding it difficult to provide cash and/or b) they feel the beneficiary would be negatively impacted handling money due to the context of the situation. The following circumstances would permit in-kind donations:

- If local products are expensive (e.g. >20% fluctuation)
- Hyperinflation
- Lack of access to bank accounts
- Fear of life in emergency situations (e.g. threat to life to leave home)
- Lack of available essential goods (e.g. certain foodstuffs, medicines etc)
- Logistical difficulty of distributing cash (e.g. high risk of theft, inability to discharge cash separately to beneficiaries i.e. when congregated)
- Genuine fear that certain people or groups will misuse the monies.

6.4 Ownership of the Zakah funds is to be transferred to the recipient (whether as cash or in-kind).

6.5 In addition, Zakah funds must be disbursed and received by the beneficiary as soon as reasonably possible upon receipt of funds, whilst at most *before* the next lunar year (within 355 days from when Muslim Aid received the donation). Only in the case of exceptions out of the control of Muslim Aid would delays to the Zakah distribution be permitted, e.g. inability to discharge funds due to war or government restrictions.

6.6 Zakah therefore cannot be spent on infrastructure (such as schools/buildings), third-party services or skills training etc. due to the absence of the condition of human ownership of Zakah funds. There is an exception to this (7.1 below), if the project is considered to be a necessity for the local beneficiaries and scholarly approval has been sought.

7. Zakah distribution exception

7.1 In the event a project is deemed a necessity by the organisation³⁷ and does not fall under the traditional categories of Zakah or does not entail 'ownership', then it may be permitted by exception with two conditions;

- 1) Presence of a confirmed necessity
- 2) Scholarly approval

7.2 The standard protocol would be:

7.2.1 Based on a needs assessments on the ground, if a project is considered to be a necessity and Zakah funds are available, the implementors will submit an 'exception request' to the organisations Shariah Panel (with accompanying narrative).

³⁶ Provision of items of equivalent value (e.g. in-kind) is not generally accepted by the majority of the scholars with exception to the Hanafi school who allow it unreservedly. Ibn Taymiyyah generally prohibits the giving of value but does permit it when there is a need or a particular interest is to be served (Al-Majmu' - 25/82). This is more conducive, especially with challenges in volatile locations such as emergency situations or hostile environments where cash distribution is disadvantageous e.g. due to inflation, exchange rate fluctuations, lack of availability of staple goods in local markets etc.

³⁷ Examples include the need of a medical clinic where a disease has spread, a refugee camp having no school for children, digging a well for a community with no access to clean water etc.

7.2.2 The scholar oversight board will review and then approve or reject the request, based on the need and other factors. If rejected, the organisation does not continue with the project.

8. Distribution amount

8.1 The amount to be distributed to the recipient of Zakah is at the discretion of the field office or implementing partner.³⁸ The amount differs based on the circumstance of the recipient, needs, stability/volatility of local markets and no. of dependants.

8.2 However, it is recommended in normal circumstances to aim to provide up to one year's sufficiency of essential sustenance.³⁹

8.3 Essential sustenance according to the majority of scholars includes their food, drink, accommodation and anything else required in light of their situation whilst not being stingy or extravagant. This refers to the beneficiary himself and those who he is responsible for looking after (i.e. dependents)⁴⁰.

8.4 Zakah can be given to any number of categories, without requiring or equally splitting Zakah donations across them.⁴¹ However, Muslim Aid should aim to prioritise the most vulnerable and allocate based on community needs⁴².

8.5 It is not necessary to inform the beneficiary that the amount disbursed is from Zakah⁴³ though if they do, there is no problem. In some cases, it may provide an additional verification stage of Zakah eligibility.

9. External Shari'ah compliance

9.1 Muslim Aid have appointed the Islamic Council of Europe as the official Shariah advisor. They have approved this guide and its contents on 16/04/2021 11:00.

9.2 They will also audit the Zakah framework (including its implementation) on an annual basis, which will involve document reviews, project spot-checks and, in applicable cases, visits to the field of operation. Updates will be provided as necessary to the public.

³⁸ There are two predominant views regarding the amount to be disbursed. The first is enough for one year's sustenance and the second is whatever is required to alleviate poverty from the beneficiary. (Majma' al-Fiqh al-Islami: 3/43)

³⁹ This is the position of the Māliki school and most Hanbali scholars amongst others. This view is also favoured by other jurists such as al-Ghazali from the Shāfi'is based on the hadith of the Prophet (peace be upon him) where he would store food for his family for a year (Bukhari). It is worth noting some schools, such as the Shāfi'i school do not place a limit, preferring to provide whatever is required to remove the recipient from poverty in entirety. This would not be financially feasible for MA due to the extensive need in the locations with which MA operate.

⁴⁰ الكفاية المعتبرة عند الجمهور هي للمطعم والمشرب والمسكن وسائر ما لا بُدَّ منه على ما يليق بالحال من غير إسرافٍ ولا تقييرٍ، للشخص الكفاية المعتبرة عند الجمهور هي للمطعم والمشرب والمسكن وسائر ما لا بُدَّ منه على ما يليق بالحال من غير إسرافٍ ولا تقييرٍ، للشخص (Rawdatul-tālibin: 2/311 and al-Mawsu'ah al-fiqhiyyah (23/316) There is discussion on this point with contemporary development scholars defining it as a minimum level of human needs as a measurement of the poverty line.

⁴¹ The Hanafi, Maliki and Hanbali Schools do not require distribution of Zakah equally to all available categories.

⁴² In cases where Zakah funds are plentiful, it would be better to allocate Zakah across the available categories as urged by some scholars.

⁴³ Some scholars prefer that recipients are not told they are receiving Zakah, to maintain their dignity.

10. Administration deduction

10.1 Muslim Aid is committed to deducting no more than 12.5% of Zakah funds for administration or project expenses related to the collection and distribution of Zakah funds.⁴⁴

10.2 This is in line with scholarly recommendations to restrict administration expenditure to 1/8, by analogy on the category of '*Amilīn alayhā* (Zakah administrators).⁴⁵ This will be reviewed with the Shariah advisor to ensure adherence and feasibility, and may be modified as necessary under scholarly supervision. Actual cost attribution will also be reviewed by the advisor at the end of each financial year.

10.3 Administration expenses are required in order to contribute to the collection, administration and implementation of the relevant Zakah projects. This includes costs relating to fund transfers, staffing, transportation etc. Examples of eligible costs are detailed in appendix A.

10.4 As Muslim Aid is authorised to retain up to 12.5%, donors are not required to increase their Zakah donation to cover the amount taken as administration by Muslim Aid. However, the donor should be made aware of this deduction where appropriate in communications.

11. Field delivery

11.1 Field offices/partners will be responsible for the effective administration and distribution of Zakah in the relative locations.

11.2 They must ensure the following:

- Appropriate segregation of Zakah funds from other funds.
- Must not deduct any additional administration (additional expenses, variances to pre-defined %'s etc.), except what has been agreed within funding agreements.
- Verify beneficiaries are Zakah eligible (in line with section 3 above).
- Discharge the Zakah funds as soon as possible and no later than 6 months of receipt⁴⁶ (unless otherwise stated by HQ/scholarly board).⁴⁷
- Report on Zakah distribution in line with the relevant reports as detailed in the manual.
- Highlight any exceptions to the above immediately to the Muslim Aid HQ.

⁴⁴ The 12.5% administration amount is not fixed, but instead a maximum permitted as long as Zakah eligible costs are incurred. If the organisation can function with a lower administration percentage (e.g. 8 or 10%), then this would be binding. This would be determined as part of a yearly audit.

⁴⁵ It is worth bearing in mind that the restriction to 12.5% for Zakah collectors (or in the current environment, charities) is not a definitive legal ruling from the Quran or sunnah, but actually an Ijtihad by scholars (Judai', 2017). It seems to be a position of the Shafi'i school due to the schools' insistence on equally dividing Zakah across the 8 categories and Allah knows best.

تَمَّ قَالَ الشَّافِعِيُّ: لَا يُعْطَى الْعَامِلُ مِنَ الزَّكَاةِ أَكْثَرَ مِنْ ثَمَنِ الزَّكَاةِ، فَإِنْ زَادَ أَجْرُهُ عَلَى الثَّمَنِ أَنْتَمَ لَهُ مِنْ بَيْتِ الْمَالِ. وَقِيلَ مِنْ بَاقِي السِّهَامِ قَالَ الْحَنْفِيُّ: يَدْفَعُ إِلَى الْعَامِلِ بِقَدْرِ عَمَلِهِ فَيُعْطِيهِ مَا يَسَعُهُ وَيَسَعُ أَعْوَانَهُ غَيْرَ مُقَدَّرٍ بِالثَّمَنِ، وَلَا يُزَادُ عَلَى نِصْفِ الزَّكَاةِ الَّتِي يَجْمَعُهَا وَإِنْ كَانَ عَمَلُهُ أَكْثَرَ (الموسوعة الفقهية الكويتية 23-318)

⁴⁶ This is due to the need to discharge Zakah before the following lunar year (hawl). Time is required from the HQ level to receive, process and disburse the funds (maximum 6 months) and then 3 months is given to the field office/implementing partner. The final 3 months is slack to cater for any extenuating circumstances.

⁴⁷ In some cases, the scholarly board may permit extensions due to extenuating circumstances.

11.3 Additional details surrounding standard operating procedures (SOP's) and implementing best practice are available in the Muslim Aid Programmes manual.

12. Reporting

12.1 Muslim Aid commits to reporting on Zakah collection and distribution activities via the following;

1. Annual financial statements
2. Annual report
3. Trustee reports
4. Project completion reports
5. Financial fund availability reports
6. Monitoring and evaluation reports
7. Annual Zakah disbursement report (for donors)
8. Zakah audit report (internal and external)
9. Other reports deemed necessary by the organisation.

13. Monitoring and evaluation

13.1 Muslim Aid commits to monitoring and evaluating Zakah projects as per their normal M&E Plan. This will be remotely as well as via project field visits by the Muslim Aid programmes team.

13.2 The external Shariah advisor will also monitor and evaluate select processes, policies and project (within the UK and field) as per the TOR's.

13.3 The external Shariah board will also be responsible to review financial costs at the end of the year to vet that the administration costs have been attributed correctly in line with the Zakah guidance in this document.

14. Breach of guide

14.1 Those who breach the guide knowingly and intentionally, whether HQ staff, field offices or implementing partners may be disciplined. This can include a verbal or written warning, or in serious cases a dismissal.

15. Guide review

15.1 The Zakah guide was prepared by the Programmes function at Muslim Aid. It will be reviewed on an annual basis to ensure continuing appropriateness.

15.2 In the event of significant operational changes or divergence from any Islamic guidelines in the document, this must be reported to the accredited Shariah council to re-evaluate the guide.

Appendix A – Zakah eligible/non-eligible costs

This appendix deals with the different types of costs incurred by charities and to what extent they can be attributed to Zakah income.

The Shariah board strongly advise that if an organisation can subsidise administration and project supports costs through Sadaqah or other sources of income alone, that is preferable.⁴⁸

However, more realistically and if required, the organisation should utilise Zakah contributions for the below **administration** and **support** costs, in accordance with calculated percentages of the Sadaqah/Zakah income ratio.⁴⁹ For example, if an organisation's annual income of £1,000,000 is split by 40% Zakah and 60% Sadaqah, the Zakah contributions to costs such as governance, bank charges etc. should reflect 40%.

A more specific example would be an organisations governance costs of £13,000 for the year. In the above case, the maximum Zakah contribution to this cost should not exceed 40% of £13,000 which is £5,200.

The premise here is to ensure a clear separation of Zakah/Sadaqah and prevent front-loading Zakah funds to supplement admin costs primarily supporting Sadaqah-funded projects.

General guidelines on eligible/non-eligible costs

Costs which would be **eligible** to take from the Zakah are:

- Most direct costs – costs which are directly attributed to delivering the project.
- A percentage of the project support costs which facilitate the delivery of the project. E.g. in-country finance staff, stationary, equipment etc. However the contribution from the Zakah should be in line with the overall Zakah/Sadaqah ratio as highlighted above.
- A percentage of the HQ administration costs which facilitate the delivery of the project. E.g. case workers, bank charges, systems etc. However the contribution from the Zakah should be in line with the overall Zakah/Sadaqah ratio as highlighted above.

Costs which would **not be eligible*** to take from the Zakah are:

- Fundraising costs e.g. Event sponsorship, influencer fees etc.
- Marketing costs e.g. google ads, campaigns etc.
- Advocacy and campaigns
- Project feedback costs e.g. cost of videographers, banners etc.

* It is important to note the costs above are ineligible as the Zakah is the right of the Zakah beneficiaries and these costs are not integral to the intervention.

⁴⁸ In cases, it could be deemed mandatory to abstain from taking administration from the Zakah if an organisation has multiple unrestricted forms of income to cover their admin costs.

⁴⁹ Direct costs on delivering the Zakah project can of course be attributed 100%.

Specific examples of eligible/non-eligible costs

Legend	
	Zakah eligible
	Zakah utilised only as needed
	Not eligible

Type of cost	HQ	Field (in-country)
Administration	<ul style="list-style-type: none"> • Salaries of individuals responsible to collect Zakah funds (Muslims only)⁵⁰ • Necessary stationery and equipment • Systems and subscriptions to collect and administer the Zakah (CRM systems, finance subscriptions, plug-ins for website etc.) • Case workers (UK and field level) • Bank charges • Exchange rate losses • Governance costs • Rent and rates (if having an office). • Advocacy and campaigns • Marketing • General Governance/legal fees • Training costs 	
Project support		<ul style="list-style-type: none"> • Staff/personnel salaries involved in implementing Zakah projects (from CEO, finance officers, drivers etc.) • Stationery and equipment • Systems and subscriptions to administer and manage the Zakah projects (project management system, procurement etc.) • Bank charges • Rent and rates (if having an office). • Electricity and IT • Utilities • Office rent • General staff training
Project direct		<ul style="list-style-type: none"> • Actual cash to distribute

⁵⁰ Additional requirements are that they are above the age of puberty and trustworthy. In addition, the CEO, project implementation and finance staff at UK and country field level must be knowledgeable of the 'general and complete of Zakah rulings and regulations' (Qaradawi, Fiqh of Zakah: p370).

		<ul style="list-style-type: none"> • Cost of intervention (e.g. food packs, agricultural tools) • Vehicle for transporting specific goods. • Salaries of staff working directly on the project. • Cost of training beneficiaries on budget management (training materials, space for training etc.) • Banners and stickers for logo • A videographer/photographer
Fundraising	<ul style="list-style-type: none"> • Event sponsorship • Paying for influencers to promote projects • Paying google ads 	

Understanding the cost table above:

1. **Fundraising** – Costs to raise more funds e.g. holding a fundraising event, marketing costs etc.
2. **Administration/Central support** – This is the cost of **overall** operations and management e.g. salaries of the HQ CEO/finance team, HQ office rent, systems etc (*this cost is typically aligned to UK HQ entities*).
3. **Project support** – Costs incurred to support the infrastructure of an organisation's projects portfolio, but not directly attributed to them e.g. in-country HR staff salary, utilities (*typically aligned to actual field offices implementing projects*). *E.g.* A HR staff member in the Syria office will deal with payroll for all projects associated, but isn't a direct programme cost to a specific project.
4. **Project direct costs** – All costs directly attributed to deliver the project e.g. project manager working to deliver cash Zakah delivery, purchase of goods, vehicle rental to deliver goods to the beneficiary etc.